

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
FIRST-CLASS PACKAGE SERVICE
FIRST-CLASS PACKAGE SERVICE CONTRACT 39

Docket No. MC2016-38

COMPETITIVE PRODUCT PRICES
FIRST-CLASS PACKAGE SERVICE CONTRACT 39
(MC2016-38)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2016-47

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
REQUEST FOR SUPPLEMENTAL INFORMATION**
(December 18, 2015)

The United States Postal Service hereby provides its response to the Commission's request for supplemental information, contained in Order No. 2882 (December 16, 2015). Each question is reprinted in the attached, and is followed by the Postal Service's response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

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RESPONSE TO REQUEST FOR SUPPLEMENTAL INFORMATION

REQUEST:

In Attachment B to the Request, tables 3, 4, 5, and 6 appear to calculate contract prices using percentage discounts off of Commercial Base and Commercial Plus prices. Request, Attachment B at 3-4. In Order No. 2814, the Commission approved the elimination of the Commercial Base and the Commercial Plus price categories for the First-Class Package Service product. Please explain whether the percentage discounts listed in tables 3, 4, 5, and 6 will also apply to the new First-Class Package Service prices that are scheduled to take effect on January 17, 2016. See *id.* at 1. If necessary, the Postal Service should file an amendment to Attachment B with its explanation.

RESPONSE:

The same percentage discounts in tables 3-6 will apply to the new consolidated First-Class Package Service price category when those changes take effect on January 17, 2016. Upon the effective date of the contract, and until January 17, 2016, the percentage discounts will apply to Commercial Base and Commercial Plus, as detailed in the contract.

RESPONSE TO REQUEST FOR SUPPLEMENTAL INFORMATION

REQUEST:

Additionally, in Section V of Attachment B to the Request, the Postal Service refers to a "Master Agreement." Request, Attachment B at 6. Please describe the contents of the Master Agreement and explain whether its terms have any impact on the percentage discounts listed in tables 3, 4, 5, and 6 referenced above. If necessary, the Postal Service should file a copy of the Master Agreement with its response.

RESPONSE:

The Master Agreement does not address the percentage discounts, the quarterly volume commitments/tiers, or any other pricing components. All of those pricing terms are contained in the negotiated service agreement (NSA) that was filed with the Commission. The Master Agreement is a separate agreement that contains additional legal provisions, at the request of this customer, regarding confidentiality and other boilerplate legal terms, which are necessary to this customer's line of business and corporate structure. The parties agreed that this additional legal language would be more appropriately included in a separate master agreement, rather than in the NSA. The Master Agreement essentially serves as an umbrella confidentiality agreement among the Postal Service, this customer, and certain affiliates of the customer who would like the benefit of the confidentiality protections, whereas the discounted NSA pricing only applies to the customer that signed the NSA.